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Attorneys for Plaintiff Federal Trade Commission

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEVADA

FEDERAL TRADE COMMISSION,  
Plaintiff,

v.

JEREMY JOHNSON, individually, as officer of  
Defendants I Works, Inc.; Cloud Nine, Inc.; CPA  
Upsell, Inc.; Elite Debit, Inc.; Internet Economy,  
Inc.; Market Funding Solutions, Inc.; and  
Success Marketing, Inc.; as a member of  
Defendant Network Agenda LLC; and as the *de*  
*facto* principal of numerous Defendant Shell  
Companies; I WORKS, INC., *et al.*

Defendants.

CV 10-2203-RLH (GWF)

PLAINTIFF'S MOTION FOR  
LEAVE TO FILE  
UNREDACTED COMPLAINT  
AND OTHER DOCUMENTS  
UNDER A TEMPORARY SEAL,  
AND SUPPORTING  
MEMORANDUM

**I. Summary.**

Plaintiff, the Federal Trade Commission, ("FTC" or "Commission"), moves this Court  
for leave to file under a temporary ten-day seal its unredacted Complaint and documents

Motion for Leave to File Unredacted Complaint and Other Documents Under Seal  
*FTC v. Jeremy Johnson., et al.*

1 associated with its forthcoming Motion for a Preliminary Injunction With Other Equitable Relief  
2 (“preliminary injunction motion”).<sup>1</sup>

3 As explained below, the FTC seeks this temporary seal pursuant to provisions of the FTC  
4 Act and FTC regulations that provide persons who submit information to the Commission in  
5 response to a Civil Investigative Demand (“CID”) and mark such responses as “confidential” with  
6 the opportunity to seek a protective order or *in camera* review of such material before it is made  
7 public. In the course of the FTC’s investigation of the I Works scheme, two of the defendants,  
8 I Works, Inc. and Jeremy Johnson, provided material to the Commission in response to CIDs that  
9 they marked as “confidential.”

## 10 **II. Background.**

11 This case involves a massive Internet-based scam that has caused consumers to lose more  
12 than \$275 million since its inception in 2006. The scam, operated by I Works, Inc. and 60 related  
13 companies (the “I Works Enterprise”), has tricked consumers into providing their credit and debit  
14 card billing information and then repeatedly billed these consumers for memberships in various  
15 websites they never agreed to join.

16 In February 2010, the Commission issued CIDs to both I Works, Inc. and Jeremy  
17 Johnson. The CIDs included interrogatories and document production requests. Beginning in late  
18 March 2010, I Works, Inc. and Jeremy Johnson started to respond to interrogatories and produce  
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20 <sup>1</sup> The FTC has filed publicly a redacted Complaint [DE 1]. The reasons for the redactions are explained in  
21 Part III of this motion.

22 Counsel for the FTC attempted to reach Don Brown of Manatt, Phelps, & Phillips, LLC (“Manatt”) via  
23 telephone and email to determine counsel’s position on the instant motion. Mr. Brown and Linda Goldstein, also  
24 from Manatt, have represented the 71 defendants during the FTC’s investigation that led to the filing of the  
25 Complaint. Mr. Brown replied via email that Manatt is not currently retained as litigation counsel for the 71  
26 defendants. Therefore, counsel states, it cannot take a position on the instant motion as it related. The FTC has  
27 served notice on Don Brown and Linda Goldstein that it will no longer contact with respect to this litigation.

28 Counsel for the FTC spoke with Mark Schamel of Womble, Carlyle PLLC, who recently started to  
represent defendants Jeremy Johnson, Bryce Payne, and I Works, Inc. Mr. Schamel has not yet entered his  
appearance on the record and states it is inappropriate for him to take a position on the motion.

documents on a staggered basis that dragged on for months.<sup>2</sup> I Works, Inc. and Jeremy Johnson indiscriminately marked as “confidential” every interrogatory response and every document they produced, even if the information (such as corporate registration information) and documents (such as printouts of websites) were publicly available.

**III. The Basis for Requesting Leave to File Under a Temporary Seal.**

Under Section 21(b)(3)(C) of the FTC Act, 15 U.S.C. § 57b-2(b)(3)(C), materials received pursuant to a CID are generally “not available for examination by any individual other than a duly authorized officer or employee of the Commission without the consent of the person who produced the material, things, or transcripts.” Such materials, however, may be used by the Commission in connection with any proceeding “against a person, partnership or corporation[.]” Section 21(b)(4) of the FTC Act, 15 U.S.C. § 57b-2(b)(4).

Under Section 21(d)(2) of the FTC Act, 15 U.S.C. § 57b-2(d)(2), the disclosure of such materials “in Commission adjudicative proceedings or in judicial proceedings to which the Commission is a party shall be governed by the rules of the Commission for adjudicative proceedings or by court rules or orders, except that the rules of the Commission shall not be amended in a manner inconsistent with the purposes of this section.” Accordingly, Commission Rule 4.10(g), 16 C.F.R. § 4.10(g), provides that the Commission must give reasonable notice of a judicial disclosure to any entity who has submitted interrogatory responses and documents (“material”) to the Commission pursuant to a CID, and marked such responses or materials as “confidential.” The reasonable notice requirement allows the CID recipient an opportunity to negotiate or seek a protective order.

In this case, the FTC believes that none, or at most only a small amount, of the information and documents (“material”) Jeremy Johnson and I Works, Inc. have marked as confidential warrant confidential treatment, especially as some of the documents have been

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<sup>2</sup> Indeed, not until September 2010 did I Works, Inc. and Johnson begin to produce emails and it unilaterally stopped producing emails in November.

1 disseminated publicly or filed in other litigation in which Jeremy Johnson and I Works, Inc. are  
 2 involved. Notwithstanding our view, under our law and regulations, the FTC must give Jeremy  
 3 Johnson and I Works, Inc. reasonable notice of its intent to disclose information that they have  
 4 submitted pursuant to a CID and marked as “confidential.”

5 The unredacted Complaint and documents associated with the Commission’s forthcoming  
 6 preliminary injunction motion include material that Jeremy Johnson and I Works, Inc. have  
 7 marked as “confidential.” By filing publicly a redacted Complaint<sup>3</sup> and filing under a temporary  
 8 ten-day seal a copy of the unredacted Complaint and other documents, the FTC is complying with  
 9 its regulations and governing law. It is providing these Jeremy Johnson and I Works, Inc. notice  
 10 of its intent to disclose publicly in judicial filings material that these defendants have submitted  
 11 pursuant to a CID.

12 The proposed seal order allows the Commission to file the unredacted Complaint, the  
 13 memorandum in support of its preliminary injunction motion, and those exhibits that contain  
 14 allegedly confidential material under seal and provides that the seal will automatically lift at the  
 15 end of ten days, absent the Court directing otherwise.

16 **IV. Conclusion.**

17 The FTC respectfully requests this Court to allow it to file its unredacted Complaint, and  
 18 documents associated with its motion for a preliminary injunction under a temporary seal that will  
 19 automatically lift at the end of ten days.

20 Respectfully submitted,

21 /s/ Collot Guerard  
 22 Collot Guerard  
 23 J. Ronnie Brooke

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 25 <sup>3</sup> The Complaint consists of ten counts alleging that defendants violated Section 5(a) the FTC Act, 15  
 26 U.S.C. § 45(a); Section 907(a) of the Electronic Fund Transfer Act (“EFTA”), 15 U.S.C. § 1693e(a); and Section  
 27 205.10(b) of Regulation E, 12 C.F.R. § 205.10(b). The Complaint alleges law violations in connection with  
 defendants’ sale over the Internet of online memberships that supposedly allowed consumers to make several  
 hundreds of dollars each day or to find and obtain government grants to pay personal expenses.

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9 202-326-3216 (Ms. Chen)

**CERTIFICATE SERVICE**

I hereby certify that on December 29, 2010 I served via electronic email, overnight delivery service, and first-class mail postage prepaid the foregoing document on the counsel listed below:

Mark Schamel  
Womble Carlyle PLLC  
1401 Eye Street, NW 7<sup>th</sup> Floor  
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and on the defendants listed below via first-class mail

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5 229 E. St. George Blvd.  
6 Suite 103  
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8 Big Bucks Pro, Inc.  
9 375 N. Stephanie St.  
10 Suite 1411  
11 Henderson, NV 89014

12 Blue Net Progress, Inc.  
13 613 SW 112th Street  
14 Oklahoma City, OK 73170

15 Blue Streak Processing, Inc.  
16 16192 Coastal Highway  
17 Lewes, DE 19958

18 Bolt Marketing, Inc.  
19 375 N. Stephanie St.  
20 Suite 1411  
21 Henderson, NV 89014

22 Bottom Dollar, Inc.  
23 375 N. Stephanie Street  
24 Suite 1411  
25 Henderson, NV 89014

26 Bumble Marketing, Inc.  
27 375 N. Stephanie Street  
28 Suite 1411  
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Business First, Inc.  
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1 Cold Bay Media, Inc.  
2 613 SW 112th Street  
3 Oklahoma City, OK 73170

4 Costnet Discounts, Inc.  
5 100 Wilshire Blvd. Ste. #750  
6 Santa Monica, CA 90401

7 CPA Upsell, Inc.  
8 100 Wilshire Blvd.  
9 Suite 750  
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11 CS Processing, Inc.  
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14 Henderson, NV 89014

15 Cutting Edge Processing, Inc.  
16 100 Wilshire Blvd., Ste. #750  
17 Santa Monica, CA 90401

18 Diamond J Media, Inc.  
19 375 N. Stephanie St.  
20 Suite 1411  
21 Henderson, NV 89014

22 eBusiness First, Inc.  
23 100 Wilshire Blvd., Ste. #750  
24 Santa Monica, CA 90401

25 EBusiness Success, Inc.  
26 163 Amsterdam Ave. #324  
27 New York, NY 10023

28 eCom Success, Inc.  
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Employee Plus, Inc.  
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18 Santa Monica, CA 90405

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23 Highlight Marketing, Inc.  
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27 Hooper Processing, Inc.  
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Jet Processing, Inc.  
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Lifestyles For Fitness, Inc.  
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Fallon, NV 89406

Mist Marketing, Inc.  
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Monroe Processing, Inc.  
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Oklahoma City, OK 73170

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5 Optimum Assistance, Inc.  
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9 Power Processing, Inc.  
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12 Premier Performance, Inc.  
13 245 Eight Ave. #226  
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15 Pro Internet Services, Inc.  
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17 New York, NY 10019-3174

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21 Rebate Deals, Inc.  
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25 Revive Marketing, Inc.  
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5 Tran Voyage, Inc.  
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8 TranFirst, Inc.  
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17 /s/ Collot Guerard  
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